

**STATE OF ILLINOIS**

**ILLINOIS COMMERCE COMMISSION**

AGL RESOURCES INC., NICOR INC., and )  
NORTHERN ILLINOIS GAS COMPANY )  
d/b/a NICOR GAS COMPANY )  
 ) Docket No. 11-0046  
Application for Approval of a Reorganization )  
Pursuant to Section 7-204 of the Illinois Public )  
Utilities Act )

Surrebuttal Testimony of

**ELIZABETH REESE**

Vice President  
Operational Planning & Analysis  
AGL Resources Inc.

On Behalf of Joint Applicants

July 8, 2011

1   **I.       INTRODUCTION**

2   **Q.       Please state your name.**

3   A.       Elizabeth Reese.

4   **Q.       Are you the same Elizabeth Reese who presented Direct and Rebuttal Testimony in**  
5       **this proceeding?**

6   A.       Yes.

7   **II.       RESPONSE TO STAFF WITNESS HATHHORN**

8   **Q.       What is the purpose of your testimony?**

9   A.       The purpose of my testimony is to respond to proposed language changes to the Services  
10       Agreement recommended by Illinois Commerce Commission (“Commission”) Staff  
11       (“Staff”) witness Dianna Hathhorn. Specifically, I respond to Ms. Hathhorn’s proposed  
12       language changes relating to her recommendation #4.

13   **Q.       Please summarize the recommendations made by Ms. Hathhorn in her direct**  
14       **testimony that have been accepted at this point in the proceeding.**

15   A.       The following conditions were recommended by Ms. Hathhorn and accepted through my  
16       rebuttal testimony and Ms. Hathhorn’s rebuttal testimony:

- 17       1.       Amend the Operating Agreement to require AGL Services Company (“AGSC”)  
18               to pay Nicor Gas fully distributed cost;
- 19       2.       Amend the Services Agreement (“SA”) to add an access to records paragraph;
- 20       3.       Amend the SA to require changes in allocation methods to be filed with the  
21               Commission;
- 22       5.       Require a triennial cost study of the services provided under the SA, beginning  
23               with the calendar year ended December 31, 2014;
- 24       6.       Require the annual filing of a billing report for the SA, to include providing  
25               confidential data at the date of filing;

- 26 7. Require that human resources indirect costs be directly charged or assigned;  
27 8. Require that the Joint Applicants file an executed copy of the Tax Allocation  
28 Agreement on e-Docket; and  
29 9. Require that the Joint Applicants file the final disposition of journal entries on e-  
30 Docket.

31 (Hathhorn Reb., Staff Ex. 14.0, 2:39-47, 5:116-6:153).

32 **Q. Please summarize the status of Mr. Hathhorn's recommendation #4, which is to**  
33 **require an annual internal audit of the SA.**

34 A. I accept Ms. Hathhorn's proposed language modifications to the SA regarding the  
35 internal audit. (Hathhorn Reb., Staff Ex. 14.0, 4:92-5:114). This change requires an  
36 internal audit to be performed on an annual basis to ensure compliance with the processes  
37 outlined in the SA and to review the calculations used for the allocation factors.

38 **Q. Have you updated the language in the SA to reflect the changes recommended by**  
39 **Ms. Hathhorn in her rebuttal testimony?**

40 A. Yes. Attached to my surrebuttal testimony as Joint Applicants Exhibit 15.1 is a clean  
41 version of the revised proposed SA ready to be executed between Northern Illinois Gas  
42 Company d/b/a Nicor Gas Company ("Nicor Gas") and AGSC that reflects all  
43 recommended changes. A redline of the proposed SA showing all the recommended  
44 changes is attached as Joint Applicants Exhibit 15.2.

45 **Q. Would you also address Ms. Hathhorn's additional recommendation?**

46 A. Yes. Ms. Hathhorn also recommended that as a condition of the reorganization's  
47 approval, the Joint Applicants be required to file a semi-annual compliance report on the  
48 ICC's e-Docket system in Docket No. 11-0046, reporting on the status of progress of all  
49 conditions imposed by the Commission in this case. (Hathhorn Reb., Staff Ex. 14.0,

6:161-7:164). She recommended that this reporting requirement should remain in effect until all conditions have been satisfied or the Joint Applicants petition the Commission and receive approval to cease such reporting requirement, whichever comes first. (*Id.* at 7:164-67).

**Q. Is it your interpretation that this recommendation is for all of the conditions being accepted by all of the Joint Applicants' witnesses?**

A. Yes. And on behalf of all of the conditions accepted by the Joint Applicants' witnesses, I accept this recommendation.

### **III. SUMMARY OF TESTIMONY**

**Q. Please provide a summary of your testimony.**

A. All recommendations made by Ms. Hathhorn have been accepted by the Joint Applicants and reflected in the SA. *See* Joint Applicants Ex. 15.1. I also accept, on behalf of all the Joint Applicants' witnesses, the condition to file a semi-annual compliance report regarding the status of progress of all conditions imposed by the Commission in this case.

### **IV. CONCLUSION**

**Q. Does this conclude your surrebuttal testimony?**

A. Yes.